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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001049

SIPDIS

E.O. 12958: DECL: 08/28/2019

TAGS: PGOV TW

SUBJECT: REVIEW COMMITTEE REJECTS OPPPOSITION'S ECFA

REFERENDUM PROPOSAL

Classified By: Acting Director Robert S. Wang,
Reasons: 1.4 (b/d)

¶11. (SBU) Summary: An Executive Yuan committee on August 27 rejected an opposition bid to hold a referendum on a proposed trade liberalization agreement with China. The proposed Economic Cooperation Framework Agreement (ECFA) is a key component of President Ma Ying-jeou's policy to improve cross-Strait relations. Opposition leaders said they were not surprised by the ruling against a referendum but, nonetheless, plan to appeal. At a time when Ma's political judgment is being questioned because of mishandled typhoon relief, the opposition will use the rejection to bolster its argument that Ma is moving too fast to strengthen ties with mainland China. End summary.

COMMITTEE SAYS REFERENDUM PROPOSAL FLAWED

¶12. (U) The Taiwan Executive Yuan's Referendum Review Committee rejected the opposition Democratic Progressive Party (DPP)/Taiwan Solidarity Union (TSU) proposal to hold a referendum on whether Taiwan should sign an ECFA with China. The committee, dominated by supporters of the ruling Kuomintang (KMT), voted 13 to 4 with 2 abstentions against the referendum proposal. Opponents of the DPP proposal said it was not properly worded. In fact, the proposed question to voters was not a referendum on the economic pact itself but on whether such a referendum should be subsequently held. Committee Chairman Chau Yung-mau also argued the referendum proposal was flawed because ECFA is not yet a concrete policy. He suggested the DPP put forward a new proposal once ECFA details have been announced. (Note: The DPP collected more than 100,000 signatures to put the proposed referendum before the committee, whose approval was needed to put the question before voters. End note.)

DPP VOWS TO CONTINUE OPPOSING TRADE PACT

¶13. (SBU) At an August 28 news conference, TSU Chairman Huang Kun-hui and DPP Chairwoman Tsai Ing-wen called the committee's decision "unacceptable, unconstitutional, and illegal." The opposition parties vowed to appeal even though they acknowledged success was unlikely. The DPP warned it

would not rule out any tactics to make its stance clear.

¶4. (SBU) The opposition has maintained voters have the right to decide whether there should be an ECFA because of the profound impact such an agreement would have on their future. It has warned that an economic pact with China would undermine Taiwan's sovereignty by making the island overly reliant on China's economy. The Ma administration, however, argues the pact is critical to Taiwan's economic well being and has targeted a signing before 2010, when China's trade liberalization agreement with ASEAN will take effect. (Note: Taipei fears it will lose market share in China to ASEAN in industries such as petrochemicals, textiles and machinery without its own trade agreement with Beijing. ECFA also is seen as a necessary condition for Beijing to give a green light to other governments to negotiate trade deals with Taiwan. End note.) To assuage fears in Taiwan, the Ma administration has said ECFA would not lead to additional agricultural imports from China or to mainland laborers working on the island. To date, however, little progress has been made on negotiating actual details of a deal.

COMMENT

¶5. (C) With the Ma administration already facing public ire over its flawed response to Typhoon Morakot, the DPP undoubtedly will use the committee's rejection of the referendum proposal as another example of the KMT being out of touch with the concerns of ordinary citizens. The DPP had anticipated its referendum bid would fail but put it forth

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anyway to show that many voters wanted a say in the politically sensitive issue of trade liberalization with China. Although no one has mentioned a demonstration protest so far, the referendum rejection will likely be highlighted in the next opposition rally as another example of how the KMT administration is being unfair and unresponsive to the concerns of the Taiwan people.

STANTON